

Management accounting systems in islamic and conventional financial institutions in Malaysia

Abstract

Purpose – The purpose of this paper is to explore whether there is any difference in the management accounting systems (MAS) of conventional and Islamic Financial Institutions (IFIs) in Malaysia. **Design/methodology/approach** – The paper was based on a survey of 45 conventional and IFIs listed on the Malaysian Central Bank's web site. The respondents were the chief financial officers (CFO). Post-survey semi-structured interviews were also conducted with eight respondents to gain further insights into the survey findings. **Findings** – The survey results indicate that IFIs use MAS information that is broader in scope, more timely, more integrated and more aggregated than conventional financial institutions. The post-survey interviews provide deeper and contextualised insights into this issue. The interview findings illustrate that IFIs normally develop and adopt an integrated accounting and enterprise system. Within this comprehensive enterprise system, the management accounting function is integrated with other functions of the organization. **Research limitations/implications** – Since this study was conducted in the context of Malaysian financial institutions, the results may not be generalizable to other organizations. The findings of this study highlight the importance for IFIs to have integrated enterprise systems. Besides assisting in complying with Shari'ah and regulatory requirements, the integrated systems also support better decision making. **Originality/value** – The paper fills a gap in the literature, as very few studies have examined the issue of management accounting in financial institutions. The paper is also one of the limited studies that explore the issue of MAS in IFIs.